

**Fact sheet on facility occupancy fees for NIH facilities on the Bethesda Campus, Poolesville Animal Center and in local leased buildings.**

Space is an NIH corporate resource. ICs are occupants in NIH facilities.

Assignment of NIH space to ICs is the prerogative of the NIH Director. The NIH Space Recommendation Board (SRB) manages the space assignment process for the NIH. Space decisions are made by the SRB in accordance with the NIH Strategic Facilities Plan and program priorities.

Decisions about the acquisition of new government owned and leased space are made by the NIH Director with the advice of the IC Directors, the NIH Facilities Planning Advisory Committee (FPAC), the SRB, and ORS. Once the decisions are made, the ORS works on behalf of the NIH to acquire the space.

ICs may request to move from one location to another within the portfolio of space managed by NIH. They may also be forced to move by a decision of the SRB. Requests for space changes are made through the Space Justification Document process (SJD). See [OFP - Space Request](#).

The ORS, as the agent for the NIH “corporate,” is responsible for operating and maintaining owned facilities on the Bethesda campus and at Poolesville, and for overall property management of the government owned and leased facilities. This includes managing the payment of rent and operating costs for all leased space.

**How is space charged?**

ICs are charged a facility occupancy fee (rent) for the space they occupy. The charge is based on the type of space occupied and rentable square feet (RSF) assigned to the IC using the Building Owners and Managers Association (BOMA)<sup>1</sup> model. Rentable square feet is a measure that apportions building common areas such as restrooms, hallways, and mechanical spaces to the space actually assigned to the IC.<sup>2</sup> Except for leased laboratories<sup>3</sup>, occupancy fees are uniform by type of space and general location. Rates are developed from detailed cost studies and are reviewed and revised annually as part of the NIH Central Services Service and Supply Fund rate setting process. For detailed information on the cost analysis behind the rental rates see: [NIH Rental Program - An Overview](#). Current rates are posted at: [http://www.nih.gov/od/ors/od/obsf/safb/fy03\\_rent\\_rates.xls](http://www.nih.gov/od/ors/od/obsf/safb/fy03_rent_rates.xls)

The facility occupancy fees for on campus and Poolesville facilities in FY2003 are set to recover the NIH costs of facility management, building maintenance and operations,

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<sup>1</sup> BOMA – Building Owners and Managers Association, “Standard Method for Measuring Floor Area in Office Buildings.”

<sup>2</sup> In general, the RSF are larger than net assignable square foot by a factor of 2 for research buildings and 1.3 for office buildings.

<sup>3</sup> Because each lab lease has unique terms, occupancy charges may differ.

janitorial services, trash removal, utilities, assisted parking and shuttles, pest management, space data management, billing, the Director's Reserve<sup>4</sup>, and overall management of the program. An occupancy agreement describing the services provided for the occupancy fee is posted at: [Occupancy Agreement](#).

The facility occupancy fees for leased administrative facilities in FY2003 are set to recover the NIH costs of facility management, leases, janitorial services<sup>5</sup>, trash removal, utilities, assisted parking and shuttles, pest management, space data management, billing, the Director's Reserve<sup>4</sup>, and overall management of the program. An occupancy agreement describing the services provided for the occupancy fee is posted at: [Occupancy Agreement](#)

The occupancy fee for leased administrative space does not include charges to recover the cost of any tenant improvement allowance (TIA) the IC may have used or that may be available for use.<sup>6</sup> "The TIA is a funding source provided by the building owner (the lessor in leased facilities and the General Services Administration Public Building Service in GSA owned facilities) that enables the space to be 'built out' or 'fitted out' for occupancy to meet a customer agency's specific requirements."<sup>7</sup> The cost of providing the TIA is incorporated into the annual cost of the lease. The total TIA cost over the life of the lease (provided within recently signed leases) is approximately \$1.60 per dollar.<sup>8</sup> Actual TIA charges are set on a lease-by-lease basis.

Occupancy fees are billed to the IC quarterly via the ORS Consolidated Statement of Services (CSS). Occupancy charges are adjusted quarterly to reflect any change in IC space assignments that may have occurred. Adjustments reflect rentable square foot assignment changes only. Rates by space type are not changed during the fiscal year.

### **How does the tenant improvement allowance work?**

The total amount of TIA available varies building-by-building and lease-by-lease. As a starting point, an equivalent amount of TIA per rentable square foot per IC will be made available to all occupants. However, since the use of the TIA is at the IC occupants' discretion, use of TIA on both an RSF and total dollar basis will vary by IC. If an IC chooses to use the TIA to pay for some or all of the tenant improvements to its assigned area the IC will be charged for the amount of allowance used. The charge is at a fixed rate per year for a set period of years. The rate is calculated on the cost to NIH for the allowance.

NIH will negotiate with the landlord consideration for any unused allowance twenty-four months after commencement of the rent. Such negotiations will reduce the cost of the

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<sup>4</sup> The Director's Reserve is new space that is "in the pipeline" and can be available within a year.

<sup>5</sup> Janitorial services, trash removal, utilities, taxes, and pest management may be actually paid by NIH through the lease or directly to the service provider. In any case the occupancy fee reflects the "full service" cost.

<sup>6</sup> In the detailed cost analysis used to develop occupancy fees, the cost of the TIA is stripped out of the total cost of the lease.

<sup>7</sup> 2003 GSA pricing desk guide Edition no. 3; 3/15/02

<sup>8</sup> This calculation is for 10 year leases with a built in charge of 9.5% for the TIA.

lease to NIH. Any cost reductions in individual lease costs will reduce the total cost of the NIH lease pool and will thus have a marginal affect on the occupancy fee since average rates are calculated according to the total lease portfolio.

**When do the charges start and end?**

ICs pay occupancy fees, or “rent” on all space assigned to them. Details on the timing of the occupancy fees are posted at: [Rent Rules and Policies](#).